# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:2070
ANSWERED ON:12.12.2008
COMPENSATION REGARDING CST PHASE OUT
Pathak Shri Harin

**Will the Minister of FINANCE be pleased to state:**

(a) whether Government of Gujarat has requested the Union Government to compensate revenue loss due to phasing out of Central Sales Tax;and

(b) if so,the details thereof and action taken by the Government thereon?

## Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): Through the mechanism of the Empowered Committee,the State Governments and the Central Government have agreed on how to compensate the revenue loss to a State due to phasing out of Central Sales Tax.In line with this formula,the Government of Gujarat also has submitted claim for CST compensation. The loss reported by the Government of Gujarat for 2007-08 is Rs.764.06 crore and for the period upto June,2008 in the financial year 2008-09 is Rs.91.23 crore. Taking into account the compensation formula and other records,an adhoc release of Rs.338.14 crore has been made to the Government of Gujarat as CST Compensation from the Centre.